

The Honorable Martin Glenn
United States Bankruptcy Court, Southern District of New York
One Bowling Green Network, NY 10004-1408

Re: Celsius Network LLC, et al. (the “Debtor”), Case Number 22-10964

Request that the court determine the appropriate treatment of the “Withhold” account type

Honorable Judge Glenn:

Thank you for your time. I would like to bring to your attention two items regarding the Celsius bankruptcy case:

1. An additional account type exists within the Celsius Network platform and it is labeled as a “Withhold” account. This account type was created for users of the Celsius platform that resided in a state where the Custody account types were not permitted; customers in these states were only given the option of having their assets placed in the “Earn” account (where rewards/interest were accrued) or a “Withhold” account (where no rewards/interest were accrued). There is a clear distinction between the two account types (one earning rewards versus one that does not) and it should be noted that the “Withhold” account acts and behaves like a Custody account type, it is a holding account that is used from transferring from the Earn account into Withhold in order to transfer funds into and out of the Celsius platform. The Debtor has failed to disclose to the court about this account type and there is no clear reference to this account type in the Debtor’s terms of service. Here are several excerpts from Reddit users that have inquired about the account type with Celsius support, and several have explained from verbal support calls, that the “Withhold” account acts like a Custody account in states where those were not permitted:
 - https://www.reddit.com/r/CelsiusNetwork/comments/u46vvy/what_is_a_withhold_account/



· 4 mo. ago

I started a thread about this as well. Here's what I've found out. The way it works now is that all existing funds in your account were rolled over into your Earn account. If you wish to withdrawal from Celsius you conduct a one way transfer from your Earn account to your Custody account. In our case since we don't have that available, you will withdrawal to your Withheld account. The only thing you can do from this account is transfer out. You can withdrawal from this account as you normally would.

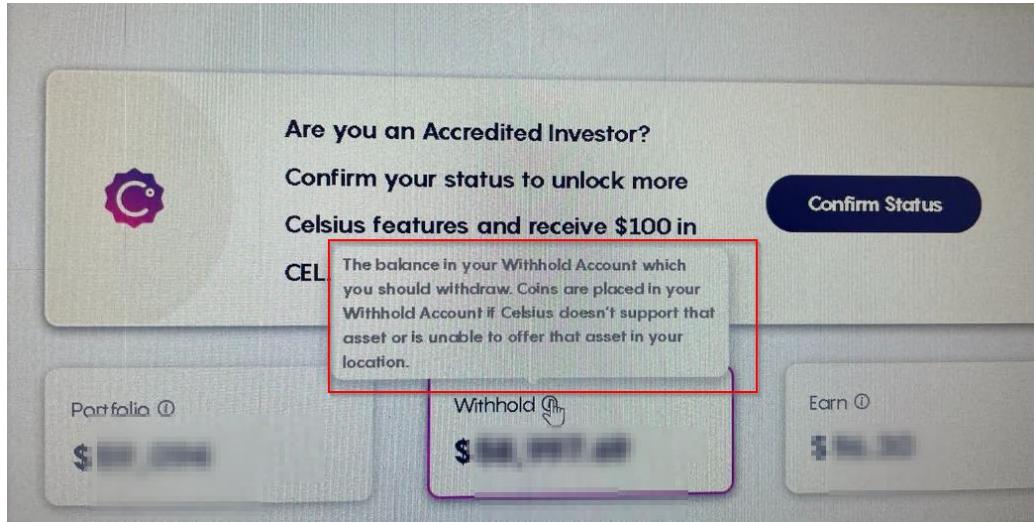
1.
 - https://www.reddit.com/r/CelsiusNetwork/comments/u4adgc/three_types_of_accounts_custody_earn_withhold/

[REDACTED] · 4 mo. ago

I just got off the phone with customer support (after being confused as per the email they sent about Custody not being supported and seeing mention of Withhold everywhere - something that wasn't mentioned in any documentation I'd seen previously), and eventually I got through...to someone presumably who also didn't have Custody support in their state (NV). He also informed me that the two accounts are similar (that is, Custody and Withhold) with the exception of loan support. I don't use my crypto for collateral purposes so it didn't really interest me, but aside from that it was the same...once withdrawn from Earn, things couldn't go back *into* Earn. I'm guessing since u/[REDACTED] is saying you can also deposit into the Withhold account, there really isn't any difference aside from I guess having to call to use those funds for a loan if that applies to you. It seems to be a nomenclature

i. distinction without a difference if that's the case. Took me over an hour and multiple

- Additionally, here is a screenshot from inside the Celsius platform that shows there a difference between these account types (Withhold and Earn) and the verbiage about what the Withhold account is:



i.

I respectfully request that the court: (a) clarifies from the Debtor if the "Withhold" accounts/assets are also part of the Custody assets listed in the Debtor's liabilities and assets, and if they are not, then (b) determine if the "Withhold" accounts should receive the same treatment as Custody accounts during the bankruptcy process.

2. The security and privacy of the creditors is a huge concern especially when the creditor schedule is disclosed in the coming weeks. I urge the court to please do whatever is can to limit the amount of personal identifiable information that will be released. Phone numbers, e-mail addresses, physical addresses are of great value to scammers and other actors that can use this information for nefarious purposes and can inflict further hurt and damage to all creditors. I respectfully request that the court redact all personal identifiable information of creditors when the creditor schedule is released.

Thank you for your time and attention to the aforementioned items regarding this case.

Robert Riskin
08/01/2022